



CITY OF CHICAGO

COUNCIL OFFICE ON FINANCIAL ANALYSIS (COFA)

November 6, 2019

The Honorable Alderman Pat Dowell
Chairman, Committee on Budget and Government Operations
121 N LaSalle St
Chicago, IL 60602

Dear Chairman Dowell:

Mayor Lightfoot's 2020 Budget Recommendations include an appropriation of \$9,548,615 for "Wage Allowance for Aldermanic Ward Staff (up to Three Full-Time Salaried Employees Per Alderman)."

Alderman Martin asked COFA to estimate the cost of increasing the number of employees to four employees per Alderman, and by increasing the appropriation by \$40,000, \$50,000 or \$60,000 per Ward. He asked us to include fringe benefits and taxes paid by the City. Our estimate is as follows:

Additional salary per ward	Total additional salary in City Council appropriation	Total fringe benefits in Finance General appropriation	Total additional costs in City appropriation
40,000	2,000,000	955,554	2,955,554
50,000	2,500,000	991,054	3,491,054
60,000	3,000,000	1,026,554	4,026,554

Only the additional salary would be added to the City Council's budget. The fringe benefit costs would be included within the Finance General budget. Our estimate does not include any allowance for additional office equipment or supplies.

Sources and assumptions:

Within the Corporate Fund/Finance General, the Mayor's 2020 Budget Recommendations includes \$410,649,640 to provide 25,238 FTEs with the following fringe benefits:

<u>Appropriation Code</u>	<u>Benefit</u>
0029	HMO Premiums
0042	Hospital and medical care
0043	Life Insurance
0049	Workers' Compensation
0051	Unemployment claims
0056	Dental plan

That is an average cost of \$16,271 per employee, which COFA used as a baseline cost. In addition, COFA added 1.45% of salary for the employer's share of Medicare taxes, and 5.65% of salary for employer's pension contribution. The pension contribution percentage is taken from the Employer Normal Cost from page 11 of *Municipal Employees' Annuity and Benefit Fund of Chicago – Actuarial Valuation and Review as of December 31, 2018*.

Sincerely,



Jonathan Silverstein
Budget Analyst